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HOUSE OF COMMONS  
LONDON SW1A 0AA

As we contemplate the challenges facing us - we do well to heed Churchill's example. He had an unyielding determination which changed the world. Above all he had endurance displaying an heroic indifference to the exigencies of the moment which enabled him to hold fast to his goals, no matter what the obstacles set-backs.

We too need a clear vision & endurance both for international affairs and economic matters.

88/3

SOS to see

Reference.....

Secretary of State for Industry  
Ministers of State  
Parliamentary Under Secretaries of State

cc Mr Berman  
Mr James  
Mr Ash

CAPITAL EXPENDITURE PRESS NOTICE

A press notice giving provisional figures for the first quarter of 1983 is attached for information. It will be published at 14.30 on Thursday 19 May and, as usual, the contents should be treated as confidential until then.

B Mitchell  
Head Branch 2  
BSO, Newport  
GTN 2068 2252

17 May 1983

✓ D.W.

Prime Minister

(2)

There may be some attention to these figures in present circumstances - capital expenditure down 1/2% in Q4 1982 and capital expenditure in manufacturing down 6% (including leased assets).

MW18/5

**Press Notice**  
**CONFIDENTIAL**

**UNTIL 14.30 HOURS**

**Department  
of  
Industry**

**ON DAY OF RELEASE**  
123 Victoria Street, London SW1E 6RB TEL 01-212-5492

Ref:

19 May 1983

**CAPITAL EXPENDITURE OF THE MANUFACTURING, DISTRIBUTIVE AND SERVICE INDUSTRIES IN THE FIRST QUARTER OF 1983: PROVISIONAL ESTIMATES**

Capital expenditure by the manufacturing, distributive and service industries (including shipping) in the first quarter of 1983 is provisionally estimated to be £2,361 million, at 1975 prices seasonally adjusted - about half a per cent below the level in the fourth quarter. Of this total, about 70 per cent was accounted for by the distributive and service industries.

Expenditure in the latest six months was 1 per cent above that in the preceding six months.

The most recent trends in capital expenditure are shown in the following table.

Investment by the manufacturing, distributive and service industries

£ million at 1975 prices, seasonally adjusted

|                          | Manufacturing<br>industry<br>(including leased<br>assets) | Distributive and<br>service industries<br>(excluding assets<br>leased to<br>manufacturers) | Total<br>(excluding<br>shipping) |
|--------------------------|---|--|----------------------------------|
| 1979                     | 4439  | 5531   | 9970                             |
| 1980                     | 4153  | 5733   | 9886                             |
| 1981                     | 3593  | 5610   | 9203                             |
| 1982                     | 3317  | 6015   | 9332                             |
| 1982 Q1                  | 863   | 1475   | 2338                             |
| Q2                       | 823   | 1445   | 2268                             |
| Q3                       | 831   | 1537   | 2368                             |
| Q4                       | 800   | 1559   | 2359                             |
| 1983 Q1<br>(provisional) | 755   | 1584   | 2339                             |

## Manufacturing industry

The provisional estimate of manufacturers' direct expenditure in the first quarter of 1983 is £620 million at 1975 prices, seasonally adjusted - nearly 5 per cent below the level in the fourth quarter. In addition it is important to take account of the leasing of assets by manufacturers from the service industries. This is taken to amount to £135 million in the first quarter, at 1975 prices seasonally adjusted, giving a total investment in manufacturing industry of about £755 million - nearly 6 per cent lower than the level recorded in the fourth quarter. Comparison on a six monthly basis shows that the volume of investment (including leased assets) in the latest six months was 6 per cent lower than in the preceding six months.

Comparison of direct expenditure (excluding leasing - see note 2) in individual assets in the latest six months with the preceding six months shows falls of 4 per cent in the volume of plant and machinery and 7 per cent for vehicles. Expenditure on new building work rose by 3 per cent.

## Effect of leasing on manufacturing investment

The classification of assets is by ownership and since capital goods acquired for leasing out are mainly bought by the service industries there has been, insofar as these goods are for leasing to the manufacturing industries, an apparent switch in investment to the service industries from the manufacturing industries. The following table illustrates the effect of leasing on the volume of manufacturing investment. In 1982 leased assets represented an addition of 24 per cent of manufacturers' capital expenditure.

## Investment by manufacturing industry

£ million 1975 prices

|      | Capital expenditure | Estimated volume of assets leased from service industries | Total expenditure plus leased assets |
|------|---------------------|---|--------------------------------------|
| 1975 | 3522                | 188   | 3710                                 |
| 1976 | 3326                | 204   | 3530                                 |
| 1977 | 3476                | 266   | 3742                                 |
| 1978 | 3769                | 368   | 4137                                 |
| 1979 | 3969                | 470   | 4439                                 |
| 1980 | 3573                | 580   | 4153                                 |
| 1981 | 2938                | 655   | 3593                                 |
| 1982 | 2667                | 650   | 3317                                 |

## Distributive and service industries (excluding shipping)

The provisional estimate of investment by these industries in the first quarter of 1983 is £1719 million, at 1975 prices seasonally adjusted - half a per cent higher than the level in the previous quarter. Comparison on a six monthly basis shows that the volume of investment in the latest six months was 3 per cent higher than in the preceding six months. On the same six monthly basis, capital expenditure rose by 4 per cent on both new building work and plant and machinery, with little change for vehicles.

## Shipping industry

The provisional estimate of investment by the shipping industry in the first quarter is £22 million at 1975 prices, slightly below the average quarterly level for 1982.

## NOTES

1. The latest estimates of capital expenditure in different sectors of industry at 1975 prices up to the fourth quarter of 1982 will be published in British business on 27 May 1983. The industries covered by the capital expenditure inquiry were detailed in British business on 8 April 1983. Annual estimates for all sectors are published in the 1982 Blue Book on National Income and Expenditure.

2. The quarterly estimates of leasing to manufacturers are approximate and are therefore rounded to the nearest £5m. Likewise their reliability is, at present, inadequate for the publication of separate figures by type of asset.

Press and broadcast calls to 01-212-5492.

Others calls to 0633-842951 or 0633-56111 ext 2215.

## CAPITAL EXPENDITURE

1975 prices Seasonally adjusted

£ million

| PERIOD   | TOTAL  | MANUFACTURING INDUSTRY<br>(excluding assets leased to manufacturers from<br>the service industries) - see note 2 |                  |          |                        | DISTRIBUTIVE AND SERVICE INDUSTRIES<br>(excluding Shipping Industry) |                  |          |                        | SHIPPING<br>INDUSTRY<br>(not seasonally<br>adjusted) |
|----------|--------|--|------------------|----------|------------------------|--|------------------|----------|------------------------|--|
|          |        | Total<br>All Assets  | Building<br>Work | Vehicles | Plant and<br>Machinery | Total<br>All Assets  | Building<br>Work | Vehicles | Plant and<br>Machinery | All Assets   |
| 1972     | 8,152  | 3,370  | 711              | 239      | 2,420                  | 3,986  | 1,771            | 893      | 1,322                  | 796  |
| 1973     | 8,777  | 3,440  | 674              | 260      | 2,505                  | 4,519  | 1,842            | 1,034    | 1,644                  | 818  |
| 1974     | 8,942  | 3,782  | 687              | 274      | 2,821                  | 4,477  | 1,793            | 1,064    | 1,620                  | 684  |
| 1975     | 7,911  | 3,522  | 640              | 200      | 2,682                  | 3,861  | 1,524            | 838      | 1,499                  | 528  |
| 1976     | 7,615  | 3,326  | 504              | 238      | 2,585                  | 3,959  | 1,524            | 962      | 1,473                  | 330  |
| 1977     | 8,326  | 3,476  | 550              | 276      | 2,649                  | 4,466  | 1,502            | 1,181    | 1,783                  | 385  |
| 1978     | 9,054  | 3,769  | 622              | 263      | 2,884                  | 5,073  | 1,562            | 1,446    | 2,064                  | 212  |
| 1979     | 10,082 | 3,969  | 644              | 272      | 3,053                  | 6,001  | 1,690            | 1,639    | 2,673                  | 111  |
| 1980     | 10,028 | 3,573  | 535              | 231      | 2,808                  | 6,313  | 1,648            | 1,443    | 3,222                  | 142  |
| 1981     | 9,337  | 2,938  | 431              | 178      | 2,329                  | 6,265  | 1,638            | 1,317    | 3,310                  | 134  |
| 1982     | 9,431  | 2,667  | 403              | 213      | 2,050                  | 6,665  | 1,911            | 1,377    | 3,377                  | 99   |
| 1977 Q1  | 1,995  | 831  | 132              | 67       | 631                    | 1,068  | 369              | 283      | 416                    | 96   |
| Q2       | 2,019  | 863  | 139              | 71       | 653                    | 1,072  | 349              | 286      | 437                    | 83   |
| Q3       | 2,122  | 876  | 138              | 67       | 671                    | 1,142  | 385              | 311      | 446                    | 103  |
| Q4       | 2,191  | 905  | 141              | 70       | 694                    | 1,184  | 399              | 300      | 485                    | 102  |
| 1978 Q1  | 2,248  | 919  | 146              | 71       | 702                    | 1,270  | 383              | 359      | 528                    | 59   |
| Q2       | 2,267  | 956  | 153              | 67       | 736                    | 1,262  | 403              | 368      | 491                    | 49   |
| Q3       | 2,279  | 941  | 157              | 67       | 716                    | 1,257  | 391              | 360      | 506                    | 82   |
| Q4       | 2,260  | 953  | 166              | 57       | 730                    | 1,285  | 385              | 360      | 539                    | 22   |
| 1979 Q1  | 2,426  | 988  | 168              | 65       | 755                    | 1,411  | 416              | 398      | 598                    | 27   |
| Q2       | 2,579  | 987  | 158              | 69       | 759                    | 1,544  | 429              | 443      | 671                    | 49   |
| Q3       | 2,533  | 989  | 163              | 65       | 761                    | 1,513  | 426              | 409      | 678                    | 32   |
| Q4       | 2,544  | 1,006  | 155              | 73       | 779                    | 1,534  | 419              | 389      | 726                    | 4  |
| 1980 Q1  | 2,524  | 955  | 134              | 68       | 754                    | 1,535  | 414              | 383      | 738                    | 34   |
| Q2       | 2,519  | 914  | 140              | 60       | 714                    | 1,553  | 412              | 352      | 790                    | 52   |
| Q3       | 2,490  | 895  | 135              | 56       | 704                    | 1,571  | 403              | 350      | 818                    | 25   |
| Q4       | 2,495  | 810  | 126              | 48       | 636                    | 1,653  | 418              | 359      | 876                    | 32   |
| 1981 Q1  | 2,332  | 777  | 128              | 38       | 612                    | 1,502  | 401              | 310      | 792                    | 53   |
| Q2       | 2,336  | 756  | 111              | 42       | 603                    | 1,534  | 408              | 305      | 822                    | 46   |
| Q3       | 2,303  | 705  | 94               | 44       | 567                    | 1,595  | 425              | 336      | 834                    | 4  |
| Q4       | 2,365  | 699  | 98               | 54       | 547                    | 1,634  | 405              | 367      | 863                    | 31   |
| 1982 Q1  | 2,368  | 703  | 98               | 53       | 552                    | 1,635  | 442              | 351      | 842                    | 30   |
| Q2       | 2,295  | 658  | 99               | 54       | 506                    | 1,610  | 460              | 326      | 824                    | 27   |
| Q3       | 2,393  | 656  | 101              | 55       | 500                    | 1,712  | 511              | 358      | 843                    | 25   |
| Q4       | 2,375  | 650  | 106              | 52       | 493                    | 1,709  | 498              | 342      | 868                    | 17   |
| 1983 QIP | 2,361  | 620  | 101              | 49       | 470                    | 1,719  | 512              | 346      | 862                    | 22   |

(2)

✓ DW.

Prime Minister

- PS/All Ministers (I)
- PS/Dr Vaughan
- Sir Brian Hayes
- Mr Berman
- Mr Liesner
- Mr Gill
- Miss Mueller
- Mr James S1
- Mr Wright IC(A)
- Mrs Walker Ec2A
- Mr Whiting IC(A)1
- Mr J Green IC(A)1
- Mr Sutlieff D/T Press Office
- Mr Hardbattle D/I Parliamentary Office
- Miss Collier S1D

also  
To be aware; please see  
questions briefing note attached.  
MS 18/5

- 1. cc Mr Ridley
- Mr Schabas:
- No 10
- Mr Hall
- Mr Hague

2. Fox again,  
Jul.

MONTHLY FIGURES OF INSOLVENCIES TO APRIL 1983

1. The usual table and chart are attached, updated to April. The table will be published in 'British business' on 20 May. \*
2. The three month seasonally adjusted average of bankruptcies rose again to reach a new peak.
3. The three month seasonally adjusted average of company liquidations again fell back slightly but it was still marginally higher than at the end of last year. Customs and Excise expect that the backlog of compulsory liquidations - one of the consequences of the 1981 Civil Service strike - will not be cleared until the end of this year. As a result, underlying trends continue to be partially obscured.

M. Neifield  
M NEIFIELD  
S1D  
Room 2017 MT  
Ext 3160

PS/Chancellor

cc Mr P Gordon  
Mr R Allan

You may like to show these figures to the Chancellor.

16 May 1983

cc Mr D. B. Anderson.

D. B. Anderson  
9/5

INSOLVENCIES IN ENGLAND AND WALES  
BANKRUPTCIES AND COMPANY LIQUIDATIONS

|          | Bankruptcies (1) |                          | Company liquidations (2) |                          |
|----------|------------------|--------------------------|--------------------------|--------------------------|
|          | Unadjusted       | Seasonally adjusted      | Unadjusted               | Seasonally adjusted      |
|          | Monthly          | Average of last 3 months | Monthly                  | Average of last 3 months |
| 1981 Apr | 415              | 431                      | } 3634 (3)               | 650 (4)                  |
| May      | 364              | 411                      |                          |                          |
| Jun      | 458              | 407                      |                          |                          |
| Jul      | 492              | 407                      |                          |                          |
| Aug      | 271              | 430                      |                          |                          |
| Sep      | 381              | 442                      |                          |                          |
| Oct      | 510              | 438                      |                          |                          |
| Nov      | 494              | 441                      | 792                      | n.a                      |
| Dec      | 395              | 443                      | 604                      | 745                      |
| 1982 Jan | 429              | 440                      | 947                      | 802                      |
| Feb      | 466              | 433                      | 891                      | 893                      |
| Mar      | 501              | 425                      | 1284                     | 972                      |
| Apr      | 445              | 440                      | 1064                     | 1005                     |
| May      | 470              | 454                      | 980                      | 1006                     |
| Jun      | 523              | 465                      | 1038                     | 1020                     |
| Jul      | 515              | 461                      | 987                      | 987                      |
| Aug      | 401              | 520                      | 676                      | 969                      |
| Sep      | 448              | 537                      | 798                      | 977                      |
| Oct      | 522              | 529                      | 1227                     | 974                      |
| Nov      | 538              | 477                      | 1331                     | 1053                     |
| Dec      | 442              | 472                      | 844                      | 1053                     |
| 1983 Jan | 543              | 508                      | 1167 r                   | 1129                     |
| Feb      | 543              | 515                      | 1014 r                   | 1116 r                   |
| Mar r    | 681              | 546                      | 1216                     | 1080                     |
| Apr p    | 555              | 562                      | 1111                     | 1061                     |

- (1) Bankruptcies relate to individuals and partnerships; deeds of arrangement are included as well as receiving and administration orders.
- (2) Compulsory plus creditors' voluntary liquidations.
- (3) Total given for April/September as reliable figures for individual months not available due to industrial action.
- (4) Rounded seasonally adjusted average for the six months April to September.

p = provisional

r = revised

n.a = not available



INSOLVENCIES

INSOLVENCIES

1983 Figures

New company registrations - first two months of this year 14,000

Liquidations and bankruptcies - first two months of this year 3,245

More General Figures

✓ New company registrations in Great Britain totalled 86,000 in 1982, an increase of 20% on 1981. (Liquidations were about 12,000 that year).

✓ The annual rate of company liquidations is still only about 2% of the total number of companies trading.

✓ Insolvencies in Germany increased 27% between 1980 and 1981, 42% in the Netherlands, and 26% in the United Kingdom.

✓ Company births in 1982 totalled 125,000 while deaths totalled 118,000.

✓ The peak figure for insolvencies under the last government was 5939 in 1976. That is more than when this government took office.

4 May 1983